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WORLD-POLITICS.

LONDON : BERLIN : WASHINGTON.

LONDON, *August, 1909.*

ONE of the penalties of being an Englishman, of being, indeed, a member of any European community, is that you can never quite banish from your mind the possibility that your country may one day be successfully invaded. The nervousness, the sense of insecurity and the periodic "scares" that are thus generated form, perhaps, the most striking of the many differences between the atmosphere of America and of Europe. It never occurs to an American that the fabric of his national existence may at a moment be overthrown by a foreign foe; but such an apprehension is rarely for long absent from the consciousness of the peoples of the Old World. England, thanks to her insular position, is freer from it than most countries, but even England, once every fifty years or so, has qualms. A century ago she was momentarily expecting a Napoleonic invasion; fifty years ago she was keeping an anxious and wary eye on Louis Napoleon; to-day the sudden rise of German sea power has turned her thoughts once more to the old problem. Within the past few years it has been examined with great thoroughness by both the Liberals and the Conservatives. The views of the latter party were unfolded by Mr. Balfour in a memorable speech he delivered in May, 1905. The views of the present Government were set forth by Mr. Asquith a few days ago. They are practically identical. For the first time in the history of modern England the leaders of the two chief parties, backed by the best strategical brains in the country, are virtually in complete agreement on the essential points of the naval and military policy and position of the British Empire.

One of the few useful deeds of the Balfour Ministry, which came to a well-deserved end in 1905, was the creation of the Committee of Imperial Defence. The functions of this Committee are purely advisory. It has no executive authority whatever. It exists to advise the Prime Minister of the day who nominates its members and can add to or diminish their number as he pleases. Its business is to serve as a connecting-link between the Admiralty and the War Office. In a country situated as is Great Britain innumerable questions of home and Imperial defence crop up that involve both naval and military considerations. In the old days the Admiralty would work out the naval view of these problems and the War Office the military view; but there was no body in existence charged with the duty of co-ordinating the two views, of maintaining a due relation between naval and military requirements, and of studying the larger aspects of strategy in connection with the Empire as a whole. To fill the gap the Imperial Defence Committee was called into existence seven years ago. It serves as an addition to, not as a modification of, the normal administrative machinery. It in no way trenches on the authority and responsibility of the Admiralty, the War Office or the Cabinet. It has, of course, its permanent Secretary, who is a strategist of distinction, and a small and highly efficient office staff drawn, for a couple of years or so, from the best officers in the army and navy; but otherwise it is a body of unusual elasticity. At a full meeting of the Committee there are generally present, in addition to the Secretary and the members of his staff, the Prime Minister, the Secretary for War, the Secretary for Foreign Affairs, the First Lord of the Admiralty, the Chancellor of the Exchequer, the Secretary for India and the Secretary for the Colonies. These represent the Cabinet. Besides them there are the Director of Naval Intelligence and the First Sea Lord representing the Admiralty, and the Director of Military Operations and the Chief of the General Staff representing the army. In addition, special officers who are experts in special problems may be attached to the Committee from time to time on the nomination of the Prime Minister.

It was to this committee that Mr. Balfour some five years ago referred the question of Great Britain's vulnerability to invasion. The conclusions it came to after a long and patient inquiry were adopted by him and explained to the House of

Commons in May, 1905. He described the method by which the committee had approached the problem and the hypothetical conditions, as unfavorable to England as they could with any reason be made, under which it had committed it. "We have not," he said, "gone into generalities about the command of the sea or the superiority of our fleet or this difficulty or that difficulty; we have endeavored to picture to ourselves a clear issue which is very unfavorable to this country, and we have shown, at least to our own satisfaction, that on that hypothesis, unfavorable as it is, *serious invasion of these islands is not an eventuality which we need seriously consider.*" He laid it down as an axiom of home defence that the landing of 70,000 hostile troops in Great Britain was "impossible." Taking France as the hypothetical enemy, Mr. Balfour demonstrated its impossibility on the ground that the transport of 70,000 men would require 210,000 tons of shipping, whereas it had been ascertained that there were, as a rule, only 100,000 tons in the French Channel and Atlantic ports; that even if the transport were available it would be a difficult matter to concentrate it all in one port; that the landing of the force would take forty-eight hours; and that the battleships, cruisers, torpedo craft and submarines attached to the British reserve would be amply sufficient, even in the absence of the sea-going fleets, to repel the attack. Practically the Prime Minister invited his countrymen to dismiss from their minds the possibility of invasion.

Even in 1905 Mr. Balfour's contentions were hotly disputed not only by experts in strategy, but by all who realized the danger of allowing a rich, plethoric, mercantile and unarmed nation to cherish the illusion that its security was unassailable. Since 1905, moreover, the conditions of warfare have considerably changed and the potential power of an attacking force has been largely increased. No one in Great Britain has insisted on the reality of these changes more powerfully than Lord Roberts, who, for the past three or four years, has been conducting a laborious campaign of popular education in an effort to arouse his countrymen to an appreciation of the menace which he is convinced confronts them. Last November, for instance, he returned to the subject in one of the most startling and impressive speeches to which the House of Lords has ever listened. Instead of imagining an invasion from France he imagined one from Germany.

He showed that vessels suitable for the transport of 200,000 men are at all times available in the northern ports of Germany; that the men could be collected without the fuss or publicity of mobilization arrangements; that they could be embarked in a much shorter time than Mr. Balfour had calculated; that instead of three tons of shipping per man being required, one and a half tons would be sufficient for all purposes; and that with the enormous boat accommodation of the big modern liners, with the frequent practice of the troops in embarking and disembarking, with the education given to the officers of the German merchant marine serving in the reserve, and with the various mechanical appliances that now exist, "the disembarkation of German troops could be carried out far more expeditiously than had been thought possible in the case of French troops." Remembering that the German Government owned the railroads and could operate with a secrecy and despatch unattainable in England, that the North Sea offered chances of escaping detection that were absent in the case of the English Channel, and that there were some 80,000 Germans, almost all of them trained soldiers, already resident in the United Kingdom, Lord Roberts expressed his deliberate conviction that 150,000 German troops could be landed in Great Britain, that in the absence of the regular army there was no force adequate to the task of repelling them, and that it was the bounden duty of the country to set about organizing a national citizen army of at least a million men.

These conclusions were startling not only in themselves, but because they showed the greatest British soldier of the age to be absolutely at variance with the considered judgment and policy of the Government on the most crucial question that any nation can be called upon to consider. With the Government declaring that an invasion by 70,000 men was impossible and Lord Roberts declaring that an invasion by 150,000 men was perfectly practicable, it was at least clear that the matter was not yet disposed of. When the present Government came into office Lord Roberts laid his case before them and asked for a fresh inquiry into the whole problem. Sir Henry Campbell-Bannerman assented, and in November, 1907, a subcommittee of the Committee of Imperial Defence, under the chairmanship of Mr. Asquith, was appointed to thresh the question out once more. The subcommittee sat for nearly a year. It listened to a full presenta-

tion of his case from Lord Roberts. It heard a great deal of independent evidence from other officers and from naval and military experts. It studied with great care all the changes in the strategical situation and in what one might call the potentialities of invasion. It went minutely, for instance, into such matters as the possible time and mobilization of foreign armies, their facilities for transport by land and sea, the organization and distribution of their forces, both naval and military, and the possibilities as regards embarkation, time of transit and means of disembarkation in England of a successful invasion on a large scale. It deliberately postulated circumstances that unreasonably favored a foreign descent upon the British shores and unreasonably weakened the means of repelling it. It imagined, for instance, the invasion occurring without any forewarning and at a time when the bulk of the British regular forces were out of the country. On this basis it conducted its inquiry and arrived unanimously at two conclusions which were expounded by Mr. Asquith in an admirably lucid speech on July 29th.

The first conclusion was that so long as British naval supremacy is adequately assured, invasion on a large scale is "an absolutely impracticable operation," and that if Great Britain once loses command of the sea no amount of military strength, not even an army as large as the German, will save her from invasion and from inevitable subjection by the enemy. It follows from this that supremacy at sea is the supreme and vital interest of the country. Is, then, an army for home defence unnecessary? By no means. An army for home defence is necessary—this is the second conclusion of the committee—for two purposes; in the first place to repel raids—that is to say, sporadic offensive expeditions which are so small in numbers that they can evade even the best and most vigilant fleet; and in the second place to compel an enemy who wishes to inflict serious damage on the country to come in such force, if he comes at all, that there can be no question of his slipping undetected through the net of the navy. The smallest force which an enemy would need to invade England with such effect as to influence the issue of the struggle has been put by nearly all the British authorities at 70,000 men. But if an invasion of this magnitude were to be attempted, then the Admiralty is confident that it could not reach British shores unperceived and that, once sighted, it could be satisfactorily dealt

with. To assume that 70,000 men could get through undetected, in the opinion of all naval experts, is to allow a generous margin for errors and accidents. In such matters, however, it is well to be amply and even unnecessarily on the safe side. The Government, therefore, lays it down as an axiom that the home defence forces of the country must be equal to repelling an invasion of 70,000 men. A navy capable of defeating any reasonably possible combination of Powers, and a home army capable of dealing with a hostile force of 70,000 men—on these conditions it is the opinion of the Defence Committee and of the Government that England will be safe from invasion.

BERLIN, August, 1909.

ON July 14th the German Emperor accepted Prince von Bülow's resignation, and for the fourth time in his reign exercised the right of appointment of an Imperial Chancellor. After the famous audience at Potsdam last November, when the Chancellor "described to His Majesty the feelings which had been excited among the German people" by the "Daily Telegraph" interview, Prince von Bülow's tenure of office became dependent upon ability to re-establish by positive successes a position which had lost its strongest support. Every fresh reiteration of the fact that he continued to enjoy his master's "confidence" bore witness to change in the old intimate relations. There was no question of dismissal, and there was no intrigue. But the atmosphere became more and more bleak and cheerless, and Prince von Bülow, at least as early as April, had begun to pave a way of retreat. Until Easter fortune seemed to smile. Although the German intervention in St. Petersburg at the end of March was prepared under the personal auspices of the Emperor, the Chancellor was given the credit of its brilliant success, and the "Austro-German triumph" sheds bright if to some extent artificial lustre upon memorial notices of Prince von Bülow's official career. When the Balkan crisis passed, Germany was for two excited months engrossed in the latest of many attempts to increase Imperial revenue. Experienced observers, remembering that the Chancellor had never exhibited more than a superficial interest in the financing of his policy, assumed that he would make the traditional appeals to national honor. But they listened in vain

for the sounds of the national drum. With only spasmodic attempts at conciliation, Prince von Bülow watched the crumbling away of the Liberal-Conservative *bloc* which he invented two and a half years ago. When its disruption was plain to all the world, and the Conservatives, unmoved by his threats of resignation, calmly went their way, he neither encouraged the Liberals to make further sacrifices to the *bloc* idea, nor seriously attempted to accommodate himself to any sort of co-operation with the restored Centre-Conservative majority. He seems to have believed almost to the last that the Conservatives might shrink before a decision which they knew would lead up to his resignation. But he knew that the Emperor would accept his resignation, and he was more anxious to depart with what dignity he might than to avert departure.

It is at least doubtful whether the *bloc*, an almost accidental and an essentially barren union of unequal and antagonistic political, social and economic forces, could in any event have survived the pressure of legislation which, under the ambitious name of Imperial Finance Reform, has ended in the imposition of a nominal £25,000,000 a year of fresh taxation of the kind to which the German Empire has been condemned since the exhaustion of the French War Indemnity. The Liberalism in whose defence Prince von Bülow would now have it supposed that he has been sacrificed never attempted more than to leaven the great lump of indirect taxation. The Conservatives, who have been deeply impressed by foreign experience, and especially by the course of British finance from the Death Duties of Sir W. Harcourt to the Budget of Mr. Lloyd George, never recognized the necessity to yield any tax upon property which might later on be screwed up in accordance with Imperial needs and Imperial deficits. In such circumstances the opportunity of the Centre, which is the strongest but at the same time the most enlightened and broadest based clerical party in the world, with no fear of losing seats at elections and with wide appeals to other than purely Catholic sympathies, was bound to come. The opportunity came and was taken, the Centre and the Conservatives composed their own scheme of indirect taxes, combined with taxes on dividend coupons, checks, and so on, which completed the rout of the financial and commercial interests of the Left, and Prince von Bülow, waiting only to fulfil the final duties of

a broker between the new majority which he would not accept and the Federal council which accepted its gifts, retired.

In October, 1900, Prince Hohenlohe, in farewell audience of the Emperor at Homburg, was "pleasantly surprised" that His Majesty "at once mentioned Bülow, who, at any rate, at the moment, is the best man." Prince von Bülow, in his last days in Berlin, has expressed much warmer approval of his successor, for whose nomination, indeed, he claims the initiative. Although Prince von Bülow is understood, in fact, to have "proposed" Herr von Bethmann-Hollweg to the Emperor at his own farewell audience in the garden of the Berlin Schloss, the proposal was an empty formality. The idea of appointing the Secretary of State for the Navy, Admiral von Tirpitz, had been rejected on prudential grounds. Count Wedel, sometime a cavalry general, later Ambassador in Rome and in Vienna, and now Statthalter of Alsace-Lorraine, could up to the last have been the successor. When it was finally known that Count Wedel would not venture upon a new career with more than a probability that the special relationships which it involves would be severely strained Herr von Bethmann-Hollweg stood alone.

The record of the new Chancellor is that of a thoroughly efficient and more than usually intelligent Prussian administrator who, after twenty years of very hard work in comparative obscurity, had the good fortune to attain to Ministerial rank at a moment of opportunity. He earned no special distinction as Prussian Minister of the Interior from 1905 to 1907. But he was invaluable to Prince von Bülow, who trusted implicitly both his soundness of judgment and his knowledge, and counted rightly upon his loyalty. When Prince von Bülow got rid, in 1907, of Count Posadowsky, one of the very few commanding figures in German Imperial politics, Herr von Bethmann-Hollweg succeeded in filling the office of Imperial Secretary of State for the Interior without attracting any lasting attention to the fact that Prince von Bülow had banished a great public servant. A master of details, which he has expounded in innumerable speeches as dull and decorous as they were able, he has stirred few prejudices and has earned in almost all quarters vague feelings of sympathy and respect rather than definite favor or disfavor. Totally lacking though he is in at least the superficial qualities which have for so long served to keep Prince von Bülow in favor, Herr

von Bethmann-Hollweg owes his appointment not least to the fact that the Emperor contemplates relations with his fifth Chancellor with complete satisfaction. In foreign polities, of which Herr von Bethmann-Hollweg has no technical knowledge—although he has some personal knowledge of the life and institutions of countries, England among them, of which Prince von Bülow's ignorance was almost boundless—he will, indeed, be pupil rather than adviser of the Emperor for some time to come. But, whoever the pilot be, the course is for the present clearly enough marked. In view of the recent demonstration of German solidarity in Europe, the wounds caused by Prince von Bülow's pin-pricks can be left to heal, and Germany can devote herself, with undiminished zeal, but with less demonstrativeness, to separate cultivation of the sympathies of Powers with whose alliances and friendships she disclaims any desire to interfere.

The new Imperial Chancellor has every reason to go slow. He would welcome a period of calm in international politics, not so much with a view to revising, in the course of mastering, the policy bequeathed to him as in order to disentangle the threads of domestic controversy before committing himself in regard to the next phase of German *Weltpolitik*. Although a good deal will depend upon Herr von Bethmann-Hollweg's period of initiation, there is no reason to suppose that it will end in any considerable departure from the steady pursuit of power by means of naval expansion and commercial penetration.

Herr von Bethmann-Hollweg has now to reshape Government relations with the political parties. There is little or no reality in current speculation as to whether he will be a "Liberal" or a "Conservative" Chancellor. Such talk is in Germany an abuse of language. Every Chancellor is, in the nature of things, compelled to take his majority where he can find it, or as best he can make it, and no Chancellor has lost sight of the fact without finding reason to regret it. Only two years ago Prince von Bülow hoped for the political epitaph, "He was an Agrarian Chancellor." Prince von Bülow now covers his retreat with imprecations upon the Conservatives, dismal forebodings of Socialist triumphs at the next elections, and the insinuation that the real cause of his fall is fidelity to Liberalism. The new Chancellor's record in administrative and departmental work suggests, indeed, that he has strong sympathies for a progressive social

policy, and even that he has a more genuine belief than any other German Minister, except Count Posadowsky, in the possibility of treating popular dissatisfaction at the burdens of Empire by frequent homœopathic doses of "social reform." For the main business of the next decade, however, no Chancellor can long be diverted by predispositions or ideals from the work of organizing and exploiting "national" sentiment and ambitions. If Herr von Bethmann-Hollweg finds the present Reichstag sufficiently "serviceable" for him to avoid a dissolution for one or even two more years—when dissolution would coincide with the climax in naval construction upon the scale at present provided by law—he will have abundant occasion to gauge prospects and test possibilities. The question of reform of the Prussian Franchise, in regard to which even the vague promises made by Prince von Bülow last year did much to stiffen the Conservative resolve to end alliance with the Left, will perhaps be the first test of the new *régime*. The deficiencies of the new scheme of taxation, which certainly will not yield £25,000,000 of new revenue, or anything like it, will be apparent next year, when the battle over "finance reform" may break out afresh. And the readjustment of commercial relations with America, as a sequel to the termination of the Commercial Agreement, will give new point to the antagonism between Agrarianism and industrial "Liberal" interests.

Meanwhile there is little evidence of Herr von Bethmann-Hollweg's own view of the internal problem. Presumably he hopes by virtue of being unprejudiced to be met without prejudice, and to erect a workable Parliamentary machine which shall neither be the old Conservative-Centre alliance as such nor the Conservative-Centre *bloc* which has just perished. If he succeeds his success will be due to two main causes. The first is the great revival of Socialist hopes, in consequence of the disillusionments of the *bloc* period, and especially of the imposition of taxes which are not merely unpopular, but will be persistent irritants. The second is the fervent desire of the Centre, after two years of enforced exile, to strengthen the security of their tenure by becoming more and more a national party. The Chancellor may, then, hope to profit even more than his predecessor by the fear of Socialism, and to find in the Centre a more pliable instrument, capable, on reasonable terms, of affording

him help against excessive claims of the Right no less than against exaggerated pretensions of disorganized national Liberals and Radicals. Many people believe that political forces in Germany are rapidly gravitating and settling down in a fashion to leave little or no room for small and separate parties between Right and Left. Such prophecies are premature, and will be premature until Imperial enthusiasts have discovered at least a basis of agreement regarding Imperial Economics and Imperial Finance.

At least until then German policy, in whatever hands, must remain as opportunist at home as it is admittedly opportunist abroad. The nimble tread and tripping tongue of Prince von Bülow give place to the solemnity of Herr von Bethmann-Hollweg. But there is no essential change. Least of all can it be imagined that because Prince von Bülow chose to make a Parliamentary rebuff the occasion of retirement, Germany has moved far, or is about to move far, towards a Parliamentary *régime* or government by public opinion.

WASHINGTON, D. C., August, 1909.

AT 2.10 P.M. on August 5th the conference report on the Payne-Aldrich bill was passed in the Senate by a vote of 47 to 31. The last legislative step in the enactment of the measure was thus taken. Before the report was submitted to a vote speeches were made by several Senators both for and against it. Senator Dolliver of Iowa made a notable attack upon the measure; Senator Elkins of West Virginia criticised it after a fashion; Senators Warren and Heyburn supported it. Senator Bailey of Texas explained the Democratic position, and Senator Aldrich defended the bill.

Senator Dolliver, speaking against the cotton and wool rates reported by the conferees, told the Senate distinctly that the cotton rates had been raised as high in some instances as 113 per cent. over the Dingley rates, although the conference committee had no legal right to do so. He also charged that both the new cotton and woollen rates had been written by persons who were not members of Congress. In vigorous language he predicted the downfall of the policy of protection if the leaders of the Republican party continued to gather around any one

"citadel of protection," as they had gathered around the wool schedule in the Payne-Aldrich bill. He ended by saying that personally he "would not be a party to a swindle of the American people," and if retired from Congress would at least enjoy the "rest and dignity of private life with a clear conscience." Six other Republican Senators, representing the Middle West, namely, Beveridge of Indiana, Bristow of Kansas, Clapp of Minnesota, Cummins of Iowa, La Follette of Wisconsin, and Nelson of Minnesota, voted against the report. The politically important section of the country of which these seven "progressive" Senators were the spokesmen is, for the moment at all events, disaffected to the verge of mutiny. It remains to be seen whether, as is hoped by the Senators responsible for the present law, Mr. Taft can and will soothe and placate the disappointed voters, who had been led by the pledges made to them during the last Presidential campaign to believe that the new tariff law would be "a substantial revision downward." The phrase scarcely fits the bill which went to the President for his signature on August 5th.

The tariff bill which was to settle everything has settled nothing. This is evident from the vehement opposition shown to the last by Republicans in both chambers, from the statement made by the President when he attached his signature to the measure, and from the subsequent reception of the law by press and people. It is certain that no previous Republican tariff has been passed with such emphatic Republican disapproval stamped upon it. When the McKinley bill came up for final passage only one indisputably Republican Senator voted against it. For the Dingley bill in 1897 the solid Republican vote in the Senate was cast. Nothing so significant and so ominous as the unbending resistance now offered by seven Republican Senators from the Middle West has ever before attended the passage of a high tariff bill. Unless something is done to conciliate the Republicans of the Middle West, disaster to the Republican party seems sure to follow.

A recognition of the wide-spread dissatisfaction is discernible in President Taft's statement. He signs the bill for the sake of its good features, while frankly conceding that it is not "a complete compliance with the promises made." He intimates distinctly that the end is not yet. Speaking of the power conferred upon him to employ skilled agents to investigate the

actual working of the new tariff, he remarks that they will be enabled to acquire information "under circumstances favorable to its truth," plainly implying by the quoted words that many of the so-called facts laid before Congress were so many lies. The President also said that the exact facts, as these shall be furnished by the Tariff Commission, will provide a basis for "future Executive recommendations," by which can only be meant recommendations to Congress to change certain schedules. The President here strikes the right note if, as we believe, he really wants to make the best of a bad business. The only way, indeed, of soothing a man who feels that he has been cheated is to show that you propose to correct the injustice done him. Men in the Middle West are now convinced, as the speeches of the Iowa Senators show, that many parts of the Payne-Aldrich bill were designed to rob them, and when the President goes out to talk to them they will want to know what he is going to do about it. If he means to go to the root of their discontent, as we assume that he does, he will have to let it be seen that he is determined to use every weapon in his power to redress tariff wrongs. The result may be piecemeal revision, but as things are now that seems to be the only remedy for piecemeal stealing.

If there is any man in either branch of Congress who seems to have been irreparably damaged by the tariff debate and its legislative outcome it is Senator Nelson W. Aldrich, of Rhode Island. It certainly looks as if the day of his influence were done. His name is, to-day, throughout the land a synonym for grasping and corrupt legislation. For months he has been standing athwart reasonable tariff revision, antagonizing and disembowelling the best features of the House bill, rallying to his support the worst men in public life and repelling the best, driving one-sixth of his party in the Senate into open revolt, and throughout making himself the attorney for selfish and unscrupulous interests. It is not necessary to charge the Rhode Island Senator with personal corruption, for it is indisputable that he has been the willing servant of unscrupulous and corrupt men and corporations. The fact is known of all men, and if Mr. Aldrich comes forward next winter as the sponsor and framer of a bill for currency reform the effect will be unmistakable. Ask any intelligent and disinterested Congressman what chance there would be of passing an Aldrich currency measure and he will

answer, "None whatever." Currency reformers cannot afford to prejudice their great undertaking by intrusting it to the guidance of a Senator whose motives are hopelessly discredited, and whose latest public activity has been in contemptuous disregard of the needs and desires of the whole country.

While the public mind was preoccupied with the shaping of the tariff, it was natural that too little attention should be paid to the course adopted by our State Department with reference to our treaty right to share in the lending of the moneys needed by China for railways and other internal improvements. While our financiers seemed indifferent, the Peking Government agreed to borrow from German, British and French bankers \$27,500,000, the sum requisite for beginning the construction of a railway from Hankow to Szechuen. No serious attempt to claim for the United States a share in the opportunity was made until Mr. Taft entered the White House. Soon thereafter China's attention was directed to the existence of the Conger agreement of 1904 by which the Peking Government promised that in case she needed funds for railway construction it would apply to Great Britain and the United States. The inevitable result was that a larger aggregate loan was fixed upon, and that one-quarter of it is to be forthcoming from the American Republic. We need not dwell on the importance of this achievement.

Fortunately, we now have a President who knows the Far East from prolonged personal observation, and who is fully alive to the reasons for expecting an enormous and a rapid development of China. The development of the resources of the Middle Kingdom, as the administration views it, will require her to contract a large foreign debt which she is abundantly able to support, and to expend hundreds of millions of dollars in the purchase of materials abroad and, ultimately, in the creation of industrial establishments at home. Shall the United States have at least a fair share of this vast expenditure, or shall it remain indifferent and see the profits monopolized by British, German and French capitalists? What answer Mr. Taft makes to this question is evident from our State Department's demand that American bankers shall be permitted to exercise their treaty right to supply part of the funds needed to start the Hankow-Szechuen Railway, which otherwise would be a transaction of no superlative importance.